



## CITY OF LODI

## COUNCIL COMMUNICATION

**AGENDA TITLE:** Augmentations and Transfers of Electric Utility Capital Projects Appropriations through FY1998-99 (\$2,200,629)

**MEETING DATE:** September 15, 1999

**PREPARED BY:** Electric Utility Director

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**RECOMMENDED ACTION:** That the City Council authorize augmentations and transfers of \$2,200,629 to Electric Utility Department Capital Projects through FY1998-99.

**BACKGROUND INFORMATION:** In response to the challenge of increased competition resulting from electric industry deregulation, the Department developed a financial plan with the help of Council input at a series of meetings over the last four years. Goals were to not raise electric rates for the foreseeable future and to maintain competitiveness with the emerging electric market. In addition, the Electric Utility Department was charged with including a strategy within its financial plan that would insure a dependable revenue stream to the General Fund in order maintain the City's high level of public services.

As part of the resulting financial plan, and in parallel with the Northern California Power Agency debt service restructuring, the Department pursued financing of future City electric system capital projects (FY2000-2004) and reimbursement of previous capital expenditures in order to better manage cash flow, reduce capital costs and shorten the time during which a Competition Transition Charge might have to be imposed. Early this month, the City of Lodi financing was completed and proceeds made available.

The future capital expenditures portion of the proceeds are to be reinvested in an interest bearing account until needed in order to maximize funds available. The reimbursement portion of the proceeds are to be credited against past capital expenditures to the maximum extent allowed by law – \$5,729,977, the amount expended during the period after December 31, 1997 through March 31, 1999. No proceeds may be used for reimbursement of capital expenditures made prior to this period of time. This restriction requires funding the remaining \$2,200,629 of past capital expenditures which include interconnection, distribution, metering and substation construction projects from another source. It is recommended that this balance of funds required for outstanding past capital expenditures come from the Rate Stabilization Reserve.

APPROVED: \_\_\_\_\_

  
H. Dixon Flynn -- City Manager



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**FUNDING:** Rate Stabilization Reserve: \$2,200,629.

**FUNDING AVAILABLE:**

Vicky McAthie  
Vicky McAthie, Finance Director

Alan N. Vallow  
Alan N. Vallow  
Electric Utility Director

**PREPARED BY:** John Stone, Manager, Business Planning and Marketing

ANV/JS/1st

C: City Attorney

**APPROVED:** \_\_\_\_\_  
H. Dixon Flynn – City Manager

RESOLUTION NO. 99-146

A RESOLUTION OF THE LODI CITY COUNCIL APPROVING  
AUGMENTATIONS AND TRANSFERS OF ELECTRIC UTILITY  
CAPITAL PROJECTS APPROPRIATIONS THROUGH FISCAL  
YEAR 1998-99

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BE IT RESOLVED, that the Lodi City Council hereby authorizes the augmentations and transfers of \$2,200,629 to Electric Utility Capital Projects Appropriations through Fiscal Year 1998-99.

Dated: September 15, 1999

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I hereby certify that Resolution No. 99-146 was passed and adopted by the Lodi City Council in a regular meeting held September 15, 1999 by the following vote:

AYES: COUNCIL MEMBERS – Mann, Nakanishi and Land (Mayor)

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – Hitchcock

ABSTAIN: COUNCIL MEMBERS – Pennino

  
ALICE M. REIMCHE  
City Clerk